

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 28021 221854Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09 SP-02

SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /131 W

-----076494 230618Z /14

R 221844Z AUG 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6386

INFO AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE PARIS 28021

BRUSSELS FOR USEEC

E.O. 11652: N/A

TAGS: ENRG, FR

SUBJECT: REACTION TO ANNOUNCEMENT OF PROBABLE REDUCTION
IN GASOLINE PRICES

REF: PARIS 27866

1. PRIME MINISTER BARRE, TWENTY FOUR HOURS AFTER
TELEVISION ANNOUNCEMENT BY ECONOMICS MINISTER MONORY
OF PROBABLE NEAR TERM REDUCTION IN GASOLINE PRICES,
STRESSED IN PRESS INTERVIEW THAT GOF HAS NOT YET TAKEN
ANY DECISION CONCERNING THIS MATTER. HE STATED HE
AWAITED REPORT FROM INDUSTRY MINISTER GIRAUD ON SUBJECT
AND STRESSED THAT FRANCE'S ECONOMIC INTEREST LAY IN
PRICES WHICH REFLECT SCARCITY VALUE OF PETROLEUM AND
INDUCE FRENCH CONSERVATION.

2. COMMENT: REPORTED MINISTERIAL DISAGREEMENT OVER
ISSUE CENTERS ON OIL COMPANY PROFITABILITY. FRENCH
PETROLEUM INDUSTRY IS SUFFERING FROM REFINERY OVER-
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CAPACITY. SINCE 1974, FUNDS WHICH MIGHT OTHERWISE HAVE
BEEN AVAILABLE FOR FOREIGN OIL EXPLORATION HAVE ALLEG-
EDLY BEEN USED TO COVER INCREASED REFINERY
PER UNIT OPERATING COSTS. INDUSTRY MINISTRY APPARENTLY
FAVORS STRENGTHENING OIL INDUSTRY'S FINANCIAL POSITION
WHILE ECONOMICS MINISTRY IS PRIMARILY CONCERNED WITH
BUTTRESSING CONSUMER SUPPORT FOR GOF'S GENERAL PRICE

LIBERALIZATION PROGRAM. RENEWED UNCERTAINTIES OVER
DOLLAR/FRANC EXCHANGE RATE FURTHER COMPLICATE ISSUE.
AS RELATIVE VALUE OF DOLLAR RISES, TOTAL BENEFITS
AVAILABLE FOR DISTRIBUTION TO CONSUMERS AND PRODUCERS
CORRESPONDINGLY DECLINE. LE MONDE EXPECTS GOF MAY NOW
DEFER ACTION.
HARTMAN

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GASOLINE, PRESS COMMENTS, PRICES, PUBLIC ATTITUDES
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Copy: SINGLE
Draft Date: 22 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: PARIS
Handling Restrictions: n/a
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ISecure: 1
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Litigation History:
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Review Content Flags:
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TAGS: ENRG, SOPN, FR
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